

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

First-Class Package Service (FCPS)  
Service Standard Changes, 2021

Docket No. N2021-2

PRESIDING OFFICER'S INFORMATION REQUEST NO. 12

(Issued August 10, 2021)

Pursuant to Order No. 5920<sup>1</sup> and 39 C.F.R. §§ 3020.117 and 3020.118, the Postal Service is requested to respond to the following questions to clarify the record on its request for an advisory opinion under 39 U.S.C. § 3661(c) regarding First-Class Package Service (FCPS) Service Standard Changes.<sup>2</sup> To facilitate the inclusion of the requested material in the evidentiary record, the Postal Service shall have a witness attest to the accuracy of the answers. For each question, produce every document (including any calculations, analysis, assumptions, studies, or workpapers) used, relied upon, or referenced in preparing the response. Responses shall be provided as soon as they are available, but no later than August 17, 2021.

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<sup>1</sup> Notice and Order on the Postal Service's Request for an Advisory Opinion on Changes in the Nature of Postal Services, June 21, 2021 (Order No. 5920).

<sup>2</sup> United States Postal Service Request for an Advisory Opinion on Changes in the Nature of Postal Services, June 17, 2021 (Request).

**The following questions refer to witness Hagenstein's testimony (USPS-T-1):<sup>3</sup>**

1. Please refer to page 1 of the Request, stating that the Postal Service plans to implement its proposal on or after October 1, 2021. Please provide any additional specificity and updated information regarding the expected timeframe for implementation.
2. Please refer to Responses of the United States Postal Service to Questions 1-22 of Presiding Officer's Information Request No. 4, July 23, 2021, question 12.b. (Response to POIR No. 4), in which the Postal Service does not confirm that implementing the proposal would replace (rather than add to) the existing additional transportation day in place since April 17, 2020 due to COVID-19. The Postal Service further states that it "cannot determine when the additional transportation day due to COVID-19 will be eliminated. The decision to eliminate the COVID-19 day will depend on operational capability."
  - a. Please confirm that the Postal Service is planning to implement its proposal in a manner that would add an extra day or 2 days, depending on the exact origin-destination pair, above and beyond the existing additional transportation day added for the COVID-19 pandemic. If not confirmed, please explain.
  - b. Has the Postal Service performed any operational testing of FCPS in the field of the impact of the additional transportation day added to FCPS due to the COVID-19 pandemic? If yes, please provide the results of the operational test. If no, why not?

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<sup>3</sup> Direct Testimony of Stephen B. Hagenstein on Behalf of the United States Postal Service (USPS-T-1), June 17, 2021; *see also* Notice of Filing Replacement Direct Testimony of Stephen B. Hagenstein on Behalf of the United States Postal Service (USPS-T-1), June 21, 2021; Notice of the United States Postal Service of Revisions to Certain Pages of the Request for an Advisory Opinion, USPS-T-1, USPS-T-2, and USPS-T-3 -- Errata, July 2, 2021 (Errata to Request and Testimony).

- c. Please elaborate on the circumstances that would allow the Postal Service to eliminate the additional transportation day added for the COVID-19 pandemic.
- 3. Please refer to Response to POIR No. 4, question 3.b., in which the Postal Service states that it expects surface transportation utilization to increase from 18 percent to 22 percent after implementing the proposed service standards for FCPS.
  - a. Please explain the limitations on increasing surface transportation utilization for FCPS above 22 percent that would remain after implementing the proposed service standards.
  - b. Does the Postal Service intend to strive to increase surface transportation utilization for FCPS above 22 percent after implementing the proposed service standards? If so, please explain how.
- 4. Please refer to Responses of the United States Postal Service to Questions 1-9 of Presiding Officer's Information Request No. 6, July 27, 2021, question 4.a. (Response to POIR No. 6), in which the Postal Service states:

In FY 2020, packages did not follow a historic seasonal trend due to the COVID pandemic, and therefore selecting March for packages as well would not have been a fair representation of expected volumes. Package volume projections appeared to stabilize, or plateau in September and October of 2020, and for that reason, October 2020 was selected for pulling package volume data. October would not have been representative of an average period for letter and flat volume due to the impact from the election.

From a modeling standpoint, just as March would not have been a representative month for FCPS packages, is it fair to say that FY 2020 overall is not a representative year for FCPS volume due to the impact of the COVID pandemic? Please include a quantitative analysis with a comparison of the FY 2020 volumes to a more representative period for FCPS.

5. Please refer to Response to POIR No. 6, question 5.b., in which the Postal Service states:

Pharmaceutical shippers could upgrade to Priority Mail service to increase the speed of shipping, where necessary. Creating a separate service standard for pharmaceuticals could be possible, but would essentially create a separate product, priced the same as FCPS but following a faster, more expensive network path. Separating pharmaceuticals from the FCPS population would increase costs and require separate handling at Origin (i.e. dedicated machines) to prevent it from following the FCPS network.

Please also refer to Responses of the United States Postal Service to Questions 1-6 of Presiding Officer's Information Request No. 8, August 5, 2021, question 2.b. (Response to POIR No. 8), in which the Postal Service states that, "[t]o the extent feasible, as described above, the Postal Service would continue to give priority to the delivery of postal products (including FCPS) for medical purposes."

- a. Is it fair to say that pharmaceutical shippers, or any FCPS shipper, who wish to receive the same service as they currently receive (but the current O-D pair is being downgraded) will be forced to "buy up" to Priority Mail under the proposed changes?
- b. Please describe the ways in which the Postal Service continues to "give priority to the delivery of postal products (including FCPS) for medical purposes."
- c. Has the Postal Service estimated the additional costs that are incurred in order to "give priority to the delivery of postal products (including FCPS) for medical purposes?" If yes, please provide the cost estimates in a library reference. If no, please explain why the Postal Service did not estimate the additional costs.

- d. Has the Postal Service estimated the additional costs that would be incurred in order to separate pharmaceuticals from the FCPS population? If yes, please provide the cost estimates in a library reference? If no, please explain the basis of the Postal Service's statement in Response to POIR No. 6, question 5.b. that "[s]eparating pharmaceuticals from the FCPS population would increase costs...."
  - e. Has the Postal Service considered implementing a temporary freeze on price increases for FCPS rate categories that experience a service downgrade?
6. Please confirm that, generally speaking, FCPS items for zones 1-4 are transported by surface and FCPS items for zones 5-9 are transported by air. If not confirmed, please explain and provide the proportion of FCPS volume and corresponding service performance by transportation mode for each zone from FY 2017 to FY 2020.

**The following questions refer to witness Foti's testimony (USPS-T-3):<sup>4</sup>**

7. Please provide a public summary of the types of commercial shippers surveyed by the FCPS Transit Commitment Survey. In that public summary, please answer each of the following:
- a. Did the survey include a representative sample of smaller-sized businesses?
  - b. Did the survey include a representative sample of medium-sized businesses?

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<sup>4</sup> Direct Testimony of Thomas J. Foti on Behalf of the United States Postal Service (USPS-T-3), June 17, 2021; Errata to Request and Testimony.

- c. Did the survey include a representative sample of larger-sized businesses?
  - d. Did the survey include a representative sample of smaller-sized pharmaceutical shippers?
  - e. Did the survey include a representative sample of medium-sized pharmaceutical shippers?
  - f. Did the survey include a representative sample of larger-sized pharmaceutical shippers?
8. Did the Postal Service consider the impact of its proposal on smaller- and/or medium-sized businesses? If yes, please describe the projected impact. If no, please explain why not.

**The following questions are directed to the Postal Service's institutional witness Owens:**

9. Please refer to Response to POIR No. 8, question 2.a., stating that the explanation provided in the February 4, 2021 response to Chairman's Information Request No. 6, question 16<sup>5</sup> "pertains equally to the instant question." The Postal Service indicates that its management holds weekly operational meetings to update pharmaceutical customers on service conditions and process improvements. See Docket No. ACR2020, February 4, 2021 Response to CHIR No. 6, question 16.e. Please confirm that these weekly operational meetings are planned to continue after the proposal is implemented.

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<sup>5</sup> Docket No. ACR2020, Responses of the United States Postal Service to Questions 1-7, 10-20 of Chairman's Information Request No. 6, February 4, 2021, question 16 (Docket No. ACR2020, February 4, 2021 Response to CHIR No. 6).

- a. If confirmed, please also describe any additional Postal Service plans to keep FCPS pharmaceutical customers updated on service conditions and process improvements after the proposal is implemented.
- b. If not confirmed, please explain and describe how the Postal Service plans to keep FCPS pharmaceutical customers updated on service conditions and process improvements after the proposal is implemented.

Ann C. Fisher  
Presiding Officer